



State of Wisconsin
2005 - 2006 LEGISLATURE

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**SENATE SUBSTITUTE AMENDMENT 1,
TO 2005 ASSEMBLY JOINT RESOLUTION 77**

May 4, 2006 – Offered by Senator GROTHMAN.

1 **To create** section 11 of article VIII of the constitution; **relating to:** imposing state
2 revenue limits, returning excess revenue, prohibiting the state from using
3 bonds to pay for operating costs, reimbursing the reasonable costs of imposing
4 state mandates, and requiring elector approval for exceeding a limit (first
5 consideration).

6 ***Resolved by the assembly, the senate concurring, That:***

7 **SECTION 1.** Section 11 of article VIII of the constitution is created to read:

8 [Article VIII] Section 11 (1) In this section, “state controlled revenue” means
9 all general fund revenue and all moneys deposited into a segregated fund, but does
10 not include bond proceeds, moneys received from the federal government, moneys
11 deposited into a program revenue account under the 2005 statutes, moneys used to
12 pay a settlement or damage award, moneys used for expenses arising from a natural
13 disaster or attack, and moneys held in a fiduciary capacity or in the unemployment
14 reserve fund.

1 (2) In fiscal year 2009–10, if state–controlled revenue exceeds state–controlled
2 revenue in fiscal year 2008–09, and in any subsequent year in which state–controlled
3 revenue exceeds the previous year’s allowable state–controlled revenue, both as
4 increased by the lesser of 1.1 multiplied by the 3–year rolling average percentage
5 change in the consumer price index for Milwaukee–Racine, or its successor index,
6 plus the annual percentage increase in state population, or the 3–year rolling
7 average percentage change in state personal income, the excess shall be deposited
8 into an emergency reserve fund.

9 (3) Expenditures may be made from the emergency reserve fund for expenses
10 arising from a natural disaster or attack or in a year in which the state’s limit under
11 this section is greater than the state’s controlled revenue. If the balance of the fund
12 exceeds 2 percent of the state’s controlled revenue in any year, the excess may be
13 spent for relief from taxes imposed by the state or from property taxes. If the balance
14 of the fund exceeds 6 percent of the state’s controlled revenue in any year, the excess
15 shall be returned to the people of this state as tax relief, in a manner prescribed by
16 the legislature by law.

17 (4) The limit imposed under this section may be exceeded by referendum and
18 may be reduced by the legislature by law.

19 (5) All revenues deposited as general purpose revenue under the 2001 statutes,
20 except moneys transferred as general purpose revenue from other funds of the state
21 as provided under the 2001 statutes, shall remain subject to the revenue limit
22 established under this section, regardless of whether the legislature by law
23 authorizes the deposit of some or all of such revenues into other accounts or funds
24 of the state.

1 (6) No revenues designated on or after January 1, 2001, for use through a
2 segregated fund may be used for any other purpose. No segregated fund revenue may
3 be used to replace or supplement funding for programs supported by the general fund
4 on or after January 1, 2001.

5 (7) A state law or administrative rule that increases a local governmental unit's
6 expenditures for delivery of services may not be enacted or adopted on or after the
7 ratification of this subsection unless the state pays the reasonable costs incurred by
8 the entity to comply with the law or rule. This subsection does not apply to any law
9 or rule that is enacted or adopted in order to comply with a requirement of federal
10 law, including a requirement related to receiving federal aid.

11 (8) No moneys may be received by the state from any type of borrowing, either
12 directly by the state or by another person on behalf of the state, if the borrowing
13 would increase state expenditures or reduce state revenues in any fiscal year, unless
14 the moneys would be used for a purpose specified in section 7 (2) (a) of article VIII,
15 except that the state may borrow moneys for cash flow purposes. The state may not
16 refund any type of borrowing if that refunding would increase the state's debt service
17 obligation in any fiscal year. The state may not enter into an agreement or
18 arrangement relating to any type of borrowing unless the financial benefits from that
19 agreement or arrangement accrue proportionately over the life of the agreement or
20 arrangement.

21 **SECTION 2. Numbering of new provision.** The new section 11 of article VIII
22 of the constitution created in this joint resolution shall be designated by the next
23 higher open whole section number in that article if, before the ratification by the
24 people of the amendment proposed in this joint resolution, any other ratified
25 amendment has created a section 11 of article VIII of the constitution of this state.

1 If one or more joint resolutions create a section 11 of article VIII simultaneously with
2 the ratification by the people of the amendment proposed in this joint resolution, the
3 sections created shall be numbered and placed in a sequence so that the sections
4 created by the joint resolution having the lowest enrolled joint resolution number
5 have the numbers designated in that joint resolution and the sections created by the
6 other joint resolutions have numbers that are in the same ascending order as are the
7 numbers of the enrolled joint resolutions creating the sections.

8 ***Be it further resolved, That*** this proposed amendment be referred to the
9 legislature to be chosen at the next general election and that it be published for 3
10 months previous to the time of holding such election.

11 (END)